

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1830 – SB 1965

March 18, 2016

**SUMMARY OF ORIGINAL BILL:** Requires employers with six or more employees to enroll in E-Verify prior to hiring an employee. Authorizes an exemption for an employer with between six and twenty-four employees by submitting an affidavit to the Commissioner of Labor and Workforce Development indicating that it would be an undue hardship to use E-Verify.

Decreases from 60 to 30 the number of days an employer has to remedy a non-compliance finding after receipt of an initial order for violation of E-Verify requirements. Requires an initial administrative order to be deemed a final order if a warning is not issued. Creates an additional \$500 civil penalty if an employer with six or more employees fails to use E-Verify or provide an affidavit of undue hardship.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – Exceeds \$10,000

IMPACT TO COMMERCE OF ORIGINAL BILL:

Increase Business Expenditures – Exceeds \$10,000

**SUMMARY OF AMENDMENT (014491):** Deletes all language of the original bill. Removes the requirement for employers with between six and 49 employees to comply with the E-Verify requirements; decreases from 60 to 45 the number of days an employer has to remedy a non-compliant finding after receipt of an initial order for violation of E-Verify requirements; requires an initial administrative order to be deemed a final order if a warning is not issued; and removes the one employee restriction that the DLWD may assign to the employee assistance program. Creates an additional \$500 civil penalty if an employer with 50 or more employees knowingly fails to use E-Verify or provide an affidavit of undue hardship. Mandates that employers must begin to use E-Verify by January 1, 2017.

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## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

### **NOT SIGNIFICANT**

Assumptions for the bill as amended:

- Under current law, Tenn. Code Ann. 50-1-703, a violation will result in a \$500 penalty for a first offense.
- Based on information from the Department of Labor and Workforce Development (DLWD), there are an average of 24 citations for E-Verify violations annually.
- Deleting E-Verify requirements for businesses with between six and 49 employees will result in fewer penalties assessed pursuant to the reduction of enforcement for applicable businesses.
- The legislation creates an additional \$500 civil penalty that will generate additional civil penalties for any employer that fails to enroll in E-Verify if the employer has 50 or more employees.
- Shortening the timeframe that an employer has to remedy a non-compliant finding will result in additional civil penalties.
- Any decrease in state revenue incurred from fewer penalties derived from the deletion of the E-verify requirements for employers with six to 49 employees is expected to be offset by increases in state revenue generated from the new \$500 civil penalty levied against non-compliant employers with 50 or more employees and from any additional penalties derived as a result of reducing the time period from 60 to 45 days to remedy a non-compliant finding.
- The net fiscal impact is estimated to be not significant.
- DLWD will not require any additional staffing resources to execute the provisions of the bill as amended.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

### **NOT SIGNIFICANT**

Assumptions for the bill as amended:

- The provisions of the amended bill are not anticipated to result in any significant net change to business expenditures.
- The provisions of the amended bill are not anticipated to have any significant impact on the overall number of jobs in the state.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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